



Pima County Community College District

REPORT HIGHLIGHTS FINANCIAL STATEMENT AND SINGLE AUDITS

Our Conclusion

Pima County Community College District is responsible for preparing annual financial statements and a schedule of expenditures of federal awards, maintaining effective internal controls, and being accountable for its use of public monies. Our Office is responsible for auditing the District's financial statements, schedule, and major federal programs annually. A summary of the financial statements and schedule of expenditures of federal awards is presented to the right.

Based on our audits, we issued reports that included our opinion on the District's financial statements and its schedule of expenditures of federal awards, and reports on its internal control and compliance over financial reporting and major federal programs. The information in the District's fiscal year 2014 financial statements and schedule of federal awards is reliable. Our reports identified internal control deficiencies and instances of noncompliance over major federal programs. The most significant finding is summarized on the next page.



2014

Year Ended June 30, 2014

Condensed financial information

Statement of net position—This statement reports all of the District's assets, liabilities, and net position. Net position is reported in three major categories:

- **Net investment in capital assets**—shows the equity in property, buildings, and equipment.
- **Restricted**—shows the resources that must be used for restricted purposes as specified by donors and other external entities, such as the federal government.
- **Unrestricted**—shows the resources available for general operations.

Statement of revenues, expenses, and changes in net position

This statement reports all revenues, expenses, and other changes in net position. Revenues and expenses are reported as either operating or non-operating. The change in net position indicates whether the District's financial health has improved or deteriorated as a result of the current-year activities. During fiscal year 2014, net position decreased by \$8.0 million, or 3.7 percent, as compared to a decrease of \$2.3 million, or 1.1 percent, in fiscal year 2013.

Schedule of expenditures of federal awards

During fiscal year 2014, the District expended \$61.3 million in federal awards, which consisted primarily of student financial assistance. This included \$47.3 million that was spent as educational and general operating expenses and \$14.0 million in new loans disbursed to students and outstanding loan balances. The District's federal award expenditures decreased by \$17.8 million, or 22.5 percent, compared to fiscal year 2013.

Condensed statement of net position As of June 30, 2014 (In thousands)

Assets	
Current assets	\$ 78,568
Noncurrent, other than capital	32,672
Capital assets, net of depreciation	116,018
Total assets	<u>227,258</u>
Liabilities	
Current	16,479
Noncurrent	3,552
Total liabilities	<u>20,031</u>
Net position	
Net investment in capital assets	116,018
Restricted	10,665
Unrestricted	80,544
Total net position	<u>\$207,227</u>

Condensed statement of revenues, expenses, and changes in net position For the year ended June 30, 2014 (In thousands)

Operating revenues	
Tuition and fees, net of scholarship allowances	\$ 30,092
Contracts	2,566
Other	2,813
Total operating revenues	<u>35,471</u>
Operating expenses	
Educational and general	191,444
Auxiliary enterprises	917
Depreciation	8,225
Total operating expenses	<u>200,586</u>
Operating loss	(165,115)
Nonoperating revenues and expenses	
Property taxes	97,523
State appropriations	7,137
Government grants	49,096
Other	3,304
Net nonoperating revenues	<u>157,060</u>
Other increases	31
Decrease in net position	(8,024)
Net position—beginning	215,251
Net position—ending	<u>\$ 207,227</u>

Condensed schedule of expenditures of federal awards by grantor agency For the year ended June 30, 2014 (In thousands)

Department of Education	\$57,037
Department of Health and Human Services	3,556
Other	659
Total federal expenditures	<u>\$61,252</u>

Summary of audit findings and recommendations

For the financial statement audit, our report on internal control and compliance included no reported deficiencies in the District's internal control over financial reporting. For the federal compliance audit, we tested six federal programs under the major program guidelines established by the Single Audit Act and found that the District did not always have adequate internal controls and did not always comply with federal program requirements for three of its programs. Our Single Audit Report includes a Schedule of Findings and Questioned Costs that contains further details to help the District correct the deficiencies. The most significant finding and recommendation is summarized below.

Noncompliance with student financial assistance federal program requirements

For the Student Financial Assistance Cluster, the District is required to report accurate information on students' enrollment status to the National Student Loan Data System (NSLDS) and report changes in enrollment status within specified time frames. We found that the District did not always report accurate enrollment information to the NSLDS and that changes in enrollment status were not reported within specified time frames. As a result, students may have been awarded larger loans than they were qualified to receive, and loan repayment terms and conditions could have been affected.

Recommendation

To help ensure compliance with federal requirements, the District should develop and implement policies and procedures to help ensure that the student enrollment status information reported to the NSLDS is accurate and complete and that changes in enrollment status are reported within specified time frames.